COMMANDERS DIGEST

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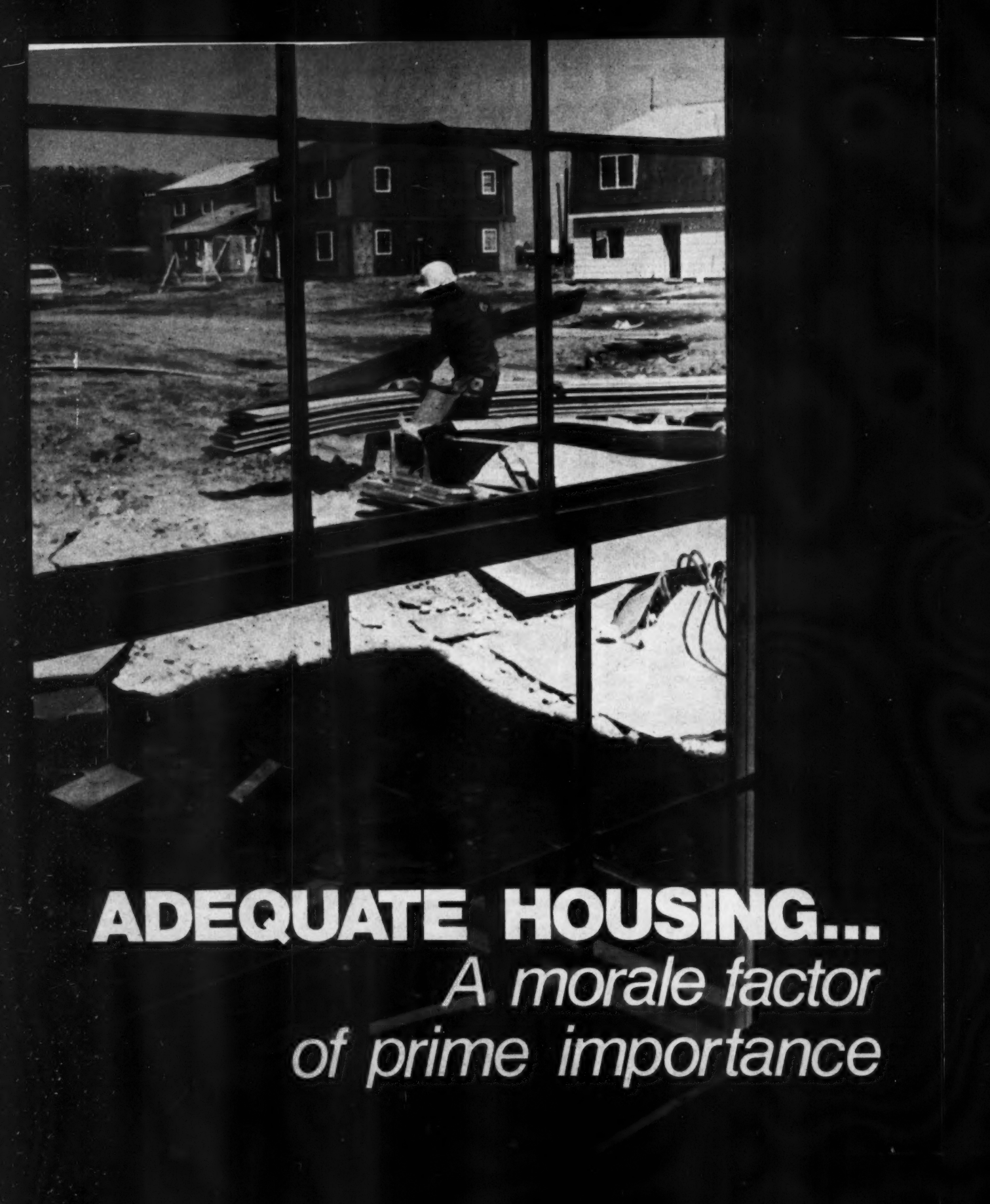
FAMILY HOUSING



ADEQUATE HOUSING...

A morale factor of prime importance

It is a pleasure to explain the Military Family Housing Program for Fiscal Year 1975. The programs included in the budget request reflect the continuing emphasis being placed by the Department of Defense on the maintenance of our forces and the welfare of our individual Servicemen. Adequate housing is a morale factor of prime importance. The principal objective of this program, therefore, is to assure that married members of the Armed Forces have suitable housing. To this end, the objectives of the Military Family Housing Program are closely aligned and dovetail with the objectives of the All Volunteer Force.

As in the past several years, we are pleased to report continued and significant progress in providing more adequate housing on-base, for upgrading the condition of our existing inventory, and in securing suitable quarters off-base in the community for our military families. The request for FY 1975 amounts to $1,347,283,000, including $5,000,000 for the Homeowner's Assistance Program.

A comparison of this year's proposed appropriation with pertinent element breakouts for a five-year span is shown in Chart I. You will note that the trend and growth pattern are significant.

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The FY 1975 appropriation request of $1,347.3 million compares with $1,195.5 million for FY 1974, an increase of $151.8 million or approximately 13 percent. One of the principal features is the proposed construction of 10,462 new family housing units. The number of units for new construction in the FY 1975 program continues the high level attained in the previous four years and brings the total programmed for the DoD to just over 50,000 new units in five years.

Other important elements in this year's construction program are mobile home spaces to provide safe, sanitary and reasonably priced accommodations for those Servicemen who own mobile homes, and a total of $60.0 million in the improvement and alteration of existing public quarters to modernize and renovate older and deteriorated units. The Military Departments have estimated a backlog of over $700 million in necessary improvements to upgrade our inventory. I know of no other single program that will pay quicker dividends and provide such substantial benefits in terms of increased morale to the military families who occupy on-base housing. It will as well provide increased life and livability to the structures themselves.

The balance of the FY 1975 request covers minor construction and planning, annual costs for leasing, operation and maintenance, debt payment, and homeowner's assistance. Total appropriations requested are $403,870,000 for the construction requirements, 938,413,000 for operations and maintenance (O&M) and debt payment portion, and $5,000,000 for the Homeowner's Assistance Program or a total of $1,347,283,000.

Now I would like to discuss briefly, some of the features of this year's program and to highlight the subjects that are of particular interest.

Programming Outlook

DoD policy with respect to housing our married military Servicemen is to rely on the local civilian housing market in communities near military installations as the primary source of family housing. Only when community support is limited or inadequate as to cost, distance, or quality do we seek authority to construct on-base housing. Particular care has been taken in the programming review to assure that our request for new construction reflects requirements only at hardcore installations. Because of this concentration on hardcore bases, coupled with the recent build-up of new construction and continued reliance on the local community, the DoD programmable deficit is now estimated to be about 26,000 units. This compares

FAMILY HOUSING—DEFENSE
SUMMARY OF SELECTED APPROPRIATED AMOUNTS

	Enacted				Request
	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975
New Construction ($000)	$ 194,833	$ 255,740[1]	$ 270,987	$ 289,876	$ 337,422
(No. of Units)	(8,000)	(9,862)[1]	(11,938)[2]	(10,691)[3]	(10,462)[4]
Mobile Home Facilities ($000)	1,200	7,280	5,387	5,700	1,848
(No. of Spaces)	(439)	(2,350)	(1,403)	(1,340)	(440)
Improvements ($000)	19,196	31,668	39,498	62,510	60,000
Leasing ($000)	28,684	33,589	37,643	44,703	68,438
(No. of leases, end year)	(11,466)	(13,482)	(13,964)	(17,262)	(24,711)
Operation & Maintenance ($000)	395,686	440,706	535,842	622,913	707,627
Homeowner's Assistance ($000)	—0—	7,575	—0—	7,000	5,000
Total Appropriation	$ 806,464	$ 952,600	$1,064,046	$1,195,539	$1,347,283

[1] Includes 430 units for $11,070,000 for Safeguard sites enacted in the DoD Appropriation Act, P.L. 92-204.

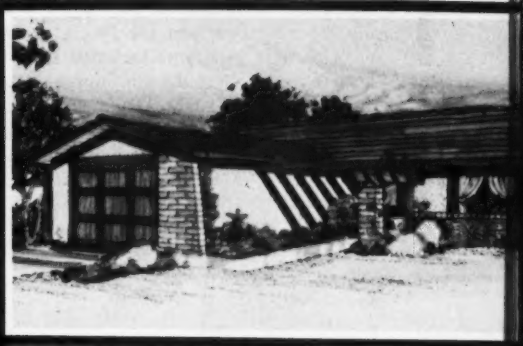
[2] Includes 218 units for Safeguard site authorized in P.L. 92-436, but which are to be financed from savings, and for which no appropriation was made.

[3] Includes 150 units at Keflavik, Iceland, authorized in P.L. 93-166, but which will be financed from savings.

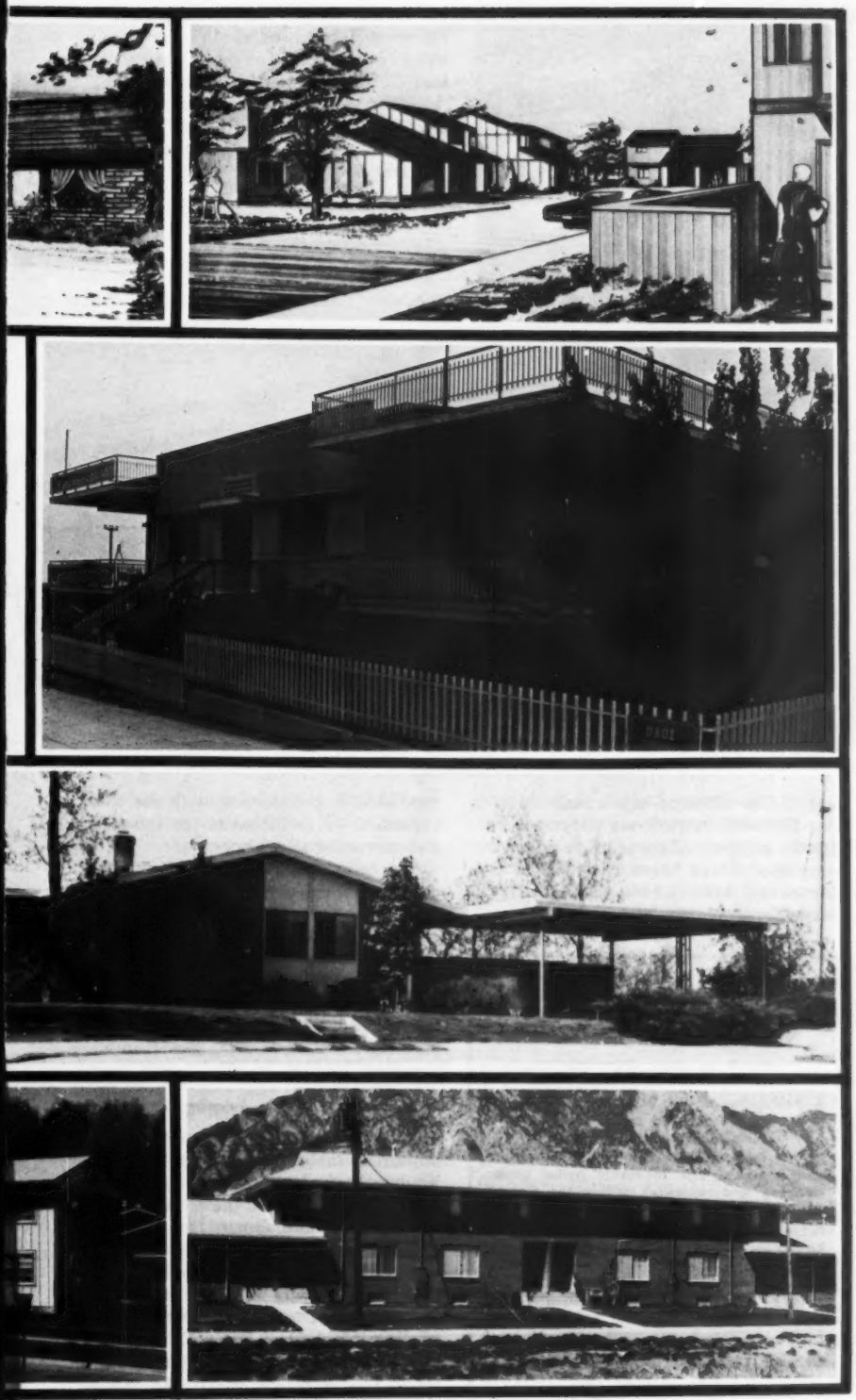
[4] Includes 2 units at Warsaw, Poland, for which authorization is requested, but which will be financed under the Special Foreign Currency Program.

Chart I

A young sailor and his wife check into the Navy's lodge at Norfolk, Virginia. The lodge serves as temporary housing for Navy families en route to new duty stations. Construction workers, right, work on the new noncommissioned officers housing units at Andrews Air Force Base, Maryland.



The Services are building government quarters in a variety of styles. Reading clockwise starting above, are: a four-bedroom airman single unit at Nellis Air Force, Nevada; townhouses in both three and four bedroom style at Peterson Field, Colorado; Navy chief's housing in Athens, Greece; field grade officer housing at Fort Leonard Wood, Missouri; six-apartment type housing units for noncommissioned officers at Fort Carson, Colorado; and three bedroom duplex units for noncommissioned officers at Fort Leonard Wood, Missouri.



with prior estimates in recent years of 90,000 to 110,000. The reasons for the reduction of the deficit to what is now considered to be a manageable level, are the declining force structure, the contraction of our base establishment and the cumulative effect of recent military pay raises, particularly in the lower grades, which put more community housing within the economic means of our Servicemen. As in previous years, we continue to place major emphasis in our on-base construction toward housing enlisted personnel and junior officers. Of the 10,462 units proposed for construction, 98.3 percent are programmed for these personnel categories. It should be noted that 3,000 units are intended for the lower pay grades of enlisted personnel previously considered "ineligible" for family housing; an additional 3,000 leases also have been programmed for these lower grades.

Because the deficit of adequate housing has now been reduced to a manageable level, we believe that we are now turning the corner with regard to large scale new housing construction programs on a DoD-wide basis. Therefore, in the next five years we will concentrate on

- A select and perhaps more modest new construction program to meet specialized needs, such as realignments or consolidation of forces, new bases or locations;
- Upgrading and modernization of the existing DoD inventory;
- Special programs in select areas such as "special risk insurance" in cooperation with the Department of Housing and Urban Development, to stimulate community growth in non-metropolitan areas at/or around military installations; and,
- Leasing or lease-construct agreements in overseas areas where feasible.

Lower Enlisted Grade Housing

As perhaps you know, the Department of Defense is proposing new initiatives with respect to making suitable housing available to married personnel in the lower pay grades. It was intended at one time that the primary housing assistance to this category of personnel be

through the implementation of the Section 236, low income community housing program as provided by Section 120 of the Housing and Urban Development Act of 1970. An interdepartmental agreement was consummated with Housing & Urban Development/Federal Housing Authority (HUD/FHA) in March 1971 and we aggressively pursued the identification of specific locations and allocations from FHA for these purposes. However, of the over 18,000 units proposed by DoD, only 6,937 were cleared by HUD for development before the program was curtailed by the Administration's "freeze" on subsidized housing programs in January 1973.

The Department of Defense has also proposed new legislation to resolve the problem of nonavailability of FHA-insured programs in "military-impacted" areas. Our purpose is to stimulate community growth by including in the Revised National Housing Act, provisions that would permit HUD to insure private housing under the Special Risk Insurance Fund in areas heretofore considered uninsurable. Our proposal provides that in such areas where the residual housing requirements may be insufficient to sustain the housing market in the event of curtailment of employment, the Secretary of HUD may require the Secretary of Defense to certify that force levels will remain stable for the foreseeable future at the installation concerned. To date, I can report no favorable status on our proposed legislation. However, we will continue to pursue the matter as a vital part of our program and policy to look primarily to the community to supply our housing needs.

Meanwhile, within its own means and authority, the Department of Defense is proposing in the FY 1975 program the extension of entitlements for travel and transportation allowances to all enlisted grades. Currently, only those personnel in grades E-4 with more than two years' service, and higher, may receive these entitlements. As a corollary proposal, we are expanding our programming base for determining requirements for family housing to include all married personnel. Our requirements base now will, for the first time, blanket in all former "ineligibles" for public quarters. Following this

line, 3,000 units of new construction in our FY 1975 request are expressly for the category of lower grade enlisted personnel at and below the rank of E-4. Moreover, 3,000 additional domestic leases for lower grade personnel are requested in conjunction with the expansion of entitlements for travel and transportation allowances.

We believe that this initiative will partially fill the void created by the nonavailability of low and moderate income subsidized housing. And, it exhibits the trend and intent of our housing policies to enhance the attractiveness of a military career and contribute toward our objective of assuring adequate housing for all military members.

Domestic, Foreign Leasing Programs

The domestic leasing program authorizes under specific criteria and cost limitations the lease of housing in the civilian community in the United States, Puerto Rico, and Guam for assignment to military personnel as public quarters. In the FY 1972 program, primarily based on providing leases for personnel assigned to recruiting activities in support of the All Volunteer Force, the statutory limitation on the number of domestic leases was increased to 10,000. All of

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An artist's conception (below) of the exterior of Navy housing. The design is used by some major motel chains and features units 12 feet by 26 feet with full baths and efficiency kitchens. A Navy wife sets the table for a meal in government quarters in Athens, Greece.

these have been allocated to the Military Departments with about 3,000 of these going to the recruiting commands. We consider this program an important supplement to our balanced effort for the acquisition of adequate housing both in the community and on-base. Consequently, we are proposing an increase of 3,000 units which would raise the domestic leasing program to a level of 13,000 family housing units. The increased number are all for the lower pay grades of enlisted personnel which were previously considered ineligible for military family housing. Also proposed are increases in the statutory average cost limitation and the maximum cost limitation which are based solely on escalation of rental costs. The increase in numbers of leases and costs are budgeted in FY 1975 at $5.1 million.

Foreign leasing of family housing is authorized under the general authority of 10 USC 2675. The 1974 Military Construction Act imposed for the first time statutory limitations on number and costs. A limited number of units had been leased in foreign countries primarily for persons occupying special command positions or to alleviate undue hardship. We believe, however, that leasing, particularly lease-construct agreements in select overseas locations, represents a viable potential for producing additional housing for military families in foreign countries with limited risk to the U.S. Government. Accordingly, the FY 1974 program expanded the foreign leasing program to 7,500 units and this year we are proposing a further increase to 12,000 units.

The FY 1975 increase of 4,500 units is primarily to alleviate the severe deficit of housing for Army troops in Germany. The proposed increases in statutory cost limitations are based on an estimated escalation in rents of nine percent in foreign countries. The increase in numbers of leases and costs are budgeted in FY 1975 at $18.2 million.

We believe that this program, administered wisely in selected overseas locations, will provide suitable family housing for our military Servicemen at a minimum risk to the U.S. Government, especially in areas where U.S. military tenure could be subject to change.

Cost Limitations

Now let me discuss the statutory average unit cost limitation on the construction of military family housing. The 1974 Military Construction Authorization Act provided for selected increases in the maximum square foot limitations on floor area prescribed for military family housing by the United States Code. In consideration of the increases in floor area and recognizing the spiraling costs of construction, there was also approved an average unit cost in the United States (other than Hawaii and Alaska) of $27,500, and in overseas areas of $37,000, with a maximum cost for any one unit of $44,000. Taking this as our base, we examined the subsequent acceleration of cost growth, actual as well as predicted, to the mid-point of construction for

During Fiscal Year 1974, 10,691 new family housing units were constructed at a cost of more than $289,000,000. The FY 75 appropriation request includes a proposed 10,462 family housing units. The number of units for new construction in the FY 75 program continues the high level attained in the previous four years.

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the FY 75 program. We then developed our program cost estimates on a project basis. In our view, successful accomplishment of the FY 1975 program will require that the Continental United States (CONUS) average unit cost be increased to $30,000, the overseas average to $40,000, and the maximum cost of any one unit to $46,000. These cost estimates are predicated upon an annual cost growth of six percent and reflect the high number of lower grade enlisted two-bedroom units programmed for the first time for this category of personnel.

Homeowners Assistance Program

I would also like to briefly discuss the Homeowners Assistance Program. This program provides assistance to Department of Defense homeowners who suffer losses in disposing of their homes because of base closures or realignments. An appropriation of $5 million is being requested in FY 1975 for this purpose. This will continue assistance to the residue of applicants from the significant base realignment announcement of April 17, 1973, as the Military Departments complete the phasing out of operations at affected locations. It will also assist personnel involved in the more recent Army and Air Force air defense site reductions and headquarters realignments.

Conclusion

In summary, I have touched briefly on the main elements of this year's Military Family Housing Program. The Department of Defense is deeply committed to the housing needs of the Serviceman and we will continue to develop and recommend programs to meet those needs. The DoD Military Family Housing Program reflects a sound and balanced approach to achieving our objective of decent and adequate housing for all Servicemen and their families.

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